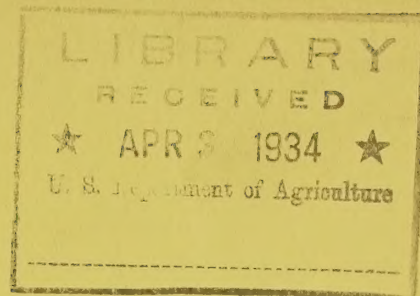


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AGRICULTURE'S FUTURE UNDER THE NEW DEAL

An address by Victor A. Christgau, Assistant Administrator, Agricultural Adjustment Administration, to be delivered at the University Farm, St. Paul, Minn., Tuesday, March 27, at 2 P. M.

This is an environment that is encouraging to an advocate of the New Deal. The School of Agriculture always has been a New Deal school: the Experiment Station a New Deal institution. I mean that here notable efforts have been made to fit Minnesota agriculture to changing conditions and to advancing standards of living. This institution has helped to keep the pioneer spirit alive and to find new fields in which it can exercise its vigor.

The very traditions of Minnesota are traditions of agricultural pioneering. Here and there are still living men and women who witnessed the earliest effort to find in Minnesota an agricultural refuge that would provide eventually higher standards of living for rural folk. It was an early version of the quest for a New Deal in agriculture. These powers were not willing to remain enchanted by an Old Deal on the worn lands of the East and in the hopeless status of the downtrodden in Europe. They sought to emerge into a New Deal by moving onto a new geographical location. The urge for improvement was strong in these pioneers -- strong enough to give them courage to experiment.

The quest for a New Deal moved on from that point in Minnesota, and with it moved willingness to try new means for improving the lot of the farmer. It found expression in a swing towards diversified agriculture. It built up the dairy industry. It developed co-operative movements. It was not content to leave the political field to reactionary forces. But always the willingness to discard old methods that proved unsatisfactory was linked inseparably with the pioneer spirit.

The School of Agriculture has kept the trust of these pioneers. It has coordinated within Minnesota the various groups that were experimenting to find more favorable conditions for agriculture. The leaders of this institution always were on the alert for new methods, new practices and new teachings that would make for a happier, healthier and wealthier rural people. And having found new methods, these leaders joined with the student body in striving to apply them.

It takes courage to experiment. Progress has a habit of benefiting some people more than others. And those who benefit most will seek to build a fence around progress at the stage where they derive the most benefits. They will fight to the last to keep progress a selfish monopoly. They will resist experiments that tear down the fences and let progress consort with the hitherto less favored ones. The pioneering spirit is endowed with the courage to tear down the fences and turn progress loose.

Geographically, there are no more frontiers. The pioneer can no longer readily move westward to a new location. But the frontier spirit still carries on its fight in another field -- the field of social justice.

Here the opportunities for agricultural improvement are fully as great. And it is towards social justice that the Administration is pointing its New Deal, while experimentation finds new implements that will push the quest.

Backed by the frontier tradition of Minnesota and the leadership that this institution has provided in the search for new and better methods of improving agriculture, you are in a position to sympathize understandingly with the Administration in its efforts to apply the New Deal to all phases of national activity. In a very real sense the New Deal brings into national scope the efforts for which your institution provided leadership in Minnesota.

Such leadership which made Minnesota a great progressive state was necessarily directed towards the solution of local economic and social problems. But our present major difficulties are not of state origin, nor can they be remedied by forces within our own state borders. Minnesota agriculture suffered from the depression, but Minnesota by itself could do little about the depression. The depression is a national maladjustment. Into this maladjustment is entangled the fortunes of the farmer, of labor and of the consumer.

Thus it is that the New Deal is attacking the major problems on a national front. The attack is correlated. The Agricultural Adjustment Administration is directed towards increasing the purchasing power of the farmer. The Civil Works Administration and the Public Works Administration are providing relief for the needy who had lost their means of livelihood. The National Recovery Administration is sponsoring fair practices in business and fairer pay to labor. The Tennessee

Valley Authority is extending the benefits of electric power to larger groups. These are not separated activities. They are all closely related into one program, and the program itself embraces all parts of the United States. The program is a national New Deal.

With the present national plight has come better realization of our interdependence. Man does not live unto himself in agriculture or industry, in California or in New York. From rural areas come 30 percent of the customers of the nation's business, and when the income of the farmer is curtailed so that he cannot buy the products of industry, unemployment is the result. When unemployment restricts the purchasing power of urban centers, the farmers' products go begging for a market. If cotton prices are seriously depressed, the Southerner can buy less pork from the corn belt states. And when prices of Minnesota's hogs slump to unprofitable levels, the cotton growers lose customers. What good does it do to advance agricultural prices, if agricultural consumers are left without purchasing power. That merely puts agricultural products beyond the reach of more prospective consumers. The logical solution is to distribute purchasing power to more consumers. The interdependence reaches out across the sea. Europe's overproduction is our loss, too.

With such interdependence it does not help to raise the level of one group of persons. That merely throws the relationship further out of line. A balance must be struck that will give the widest possible distribution to purchasing power. Of consumers there are plenty. But many of these consumers can be made customers of the nation's agriculture and industry only through a wider distribution of purchasing power. Here

is a problem that the federal government is attacking boldly through the New Deal.

The application of the New Deal is bringing to light new evidences of the interdependence of all phases of national activity. It is revealing to the full extent the futility of building up national wealth that is concentrated in the hands of a few, while agriculture and industry languish for lack of consumers who have purchasing power. With that revealed, the New Deal sets about to give wider distribution to wealth. +

We are the wealthiest country the world has ever known. We have productive capacity in our agricultural lands, our natural resources, our industrial skill and equipment that is capable of giving to each of our millions of people a living rich in all material things. We do not lack for consumers. But we do lack for consumers who have sufficient purchasing power to take their share of the nation's products. Our purchasing power is badly distributed. Concentration of wealth has made it worse. +
A millionaire cannot eat in proportion to his income. You may have read some time ago of the man who could eat a couple of dozen eggs at a sitting. It wasn't Mellon. And the man who has to buy clothes for a family of 17 children isn't Morgan.

Under the Old Deal an attempt was made to pour prosperity into the top in the hope that it would trickle through and spread to the bottom of the social structure. The exponents of the Old Deal poured a financial mixture into the banks. But it did not trickle down. Big lumps of wealth do not trickle readily. The New Deal is reversing the process. It is +

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pouring out financial aid at the bottom, from which it rises to the top. I remember the experiments in capillary action I made in the laboratory here. The finer the particles of soil, the higher the mixture rose in the test tube. The New Deal has taken a hint from the tree. Each cell depends for its nourishment upon the cell beneath it, and all are fed from root pressure. It is the help a tree gets at its roots that count. Capital action functions similarly.

We have plenty of evidence to indicate that business realizes the effectiveness of the New Deal methods of applying aid to recovery at the bottom--even the Big Business that clamored loudest for the Old Deal. Under the Agricultural Adjustment Administration, better prices and benefit payments have brought purchasing power to all rural regions. Big Business is following in the wake of this distribution. It is sending out its business-getting agencies into these regions, the very regions that offered it few business prospects under the Old Deal. But now those regions have purchasing power. The benefit payments distributed to farmers at the bottom, have been benefit payments to business at the top, too. It was amazing how quickly reports of business recovery in rural areas followed distribution of benefit payments. Business contacting directly with farmers reported business increases immediately. It is amazing, too, how readily business took to this operation of the New Deal.

The depression has taught us that the greatest gift to business, to agriculture, to labor, is a consumer with purchasing power. On that individual all interests shower their attention. We have come to

realize the futility of producing wealth that cannot be used because it cannot be bought by those who want it. Even under the Old Deal, the importance of the consumer was recognized. Old Deal business methods were directed towards routing out and pressing into buying service every consumer who had purchasing power. But under the Old Deal the supply ran out, and there seemed to be no available method for replenishing it.

It was left for the New Deal to create a new supply of consumers who can function as customers, by given wider distribution to purchasing power. There is an echo of the frontier spirit here. Like the pioneers the slogan of the New Deal is, "what we don't have we will make". The surplus-relief operations offered one example of this process of making consumers that can function as customers. Here on the one hand was a surplus of products that the cornucopia of agriculture had poured out. And here were millions of needy who could use that surplus, but who for lack of purchasing power were denied them. By supplying consumers, producers are supplied. The riddle Samson put to the Philistines was: "Out of the eater came forth meat." The Philistines of that day could not answer that riddle. The Philistines of today do not seem to be able to answer it either. But the New Dealers have answered it.

It was after all a bad sort of democracy that based prosperity on buying power and then permitted such concentration of wealth that a large share of the nation's supply of consumers could not exercise buying power. We piled up surplus products of all things that a man needs, and all united in a clamor for somebody to use them. In our search for consumers we poured money into foreign countries. And all the while our purchasing power was concentrating in an upward spiral and accumulating

at the top. Democracy never has been put in a more ridiculous position. To increase consumers who can function appeared to be beyond the powers of the Old Deal. It required coordination of all phases of national activity. It required a dispersion of concentrated wealth. It appeared that the Government alone could bring this about. And under the New Deal, the Government is doing that.

Under the so-called prosperity of the Old Deal, the parasitic germs of special privilege were gnawing at our vitals. They left a cancerous growth that clogged the circulation of purchasing power. A major operation was necessary. We had to get purchasing power circulating through agriculture so that it could sustain business and labor. We had to get the benefit of higher prices to the farmer. Some may object to that. But the situation demanded it. We had not been able to consume or export all that the farmer produced. Surpluses of stable commodities piled up. Perishable commodities had to be moved at ruinously low prices. At those prices the farmer was left with insufficient purchasing power to consume his share of the products of industry. There is neither justice nor expediency in having the farmer bear more than his share of the load. So we distributed benefit payments. The Government stepped in and gave the farmer benefits which he should have received in price. In other words the Federal law operated to give the farmer what the law of supply and demand denied him. That tremendous power which was given agriculture should under no circumstances be surrendered until such time as a united agriculture has obtained the equality for which it has struggled so long.

Now nobody likes an operation. But they are necessary at times. The danger now is that the patient will get well too quickly. The New

Deal has not brought the patient to complete recovery. But he is now convalescing. We are in danger of forgetting that care must still be given to prevent a relapse.

Prosperity is not much good until it is widely scattered. A public service has been performed when consumers are put in a position where they make use of the wealth that a nation produces. We have under the New Deal all phases of activity pulling together toward that end. Such a democracy acts effectively for public welfare. We cannot let self-seeking individuals thwart public welfare, and governmental regulation is the means by which selfish interests can be restrained. Such a view prevailed in this country 150 years ago when goods were scarce and productive capacity was meager. We must recapture that point of view now that goods are plentiful and when, while potential productive capacity is almost unlimited, millions are starving. I am glad to say that Congress has recaptured that view and recognizes the obligation of the Government to cherish public welfare. I am glad to say that the Supreme Court feels that such a view is not incompatible with the traditions of the country. But there are still lesser leaders who have not adopted that view.

I have emphasized the interdependence of the various phases of national activity. A realization of that interdependence has enabled us to make the consumer a force for national betterment. I want to stress further that the day has gone when the interest of agriculture can be confined to the farm. Individualism in agriculture no longer can be effective. The fortunes of the farmer are too closely tied in with

those of all other elements of our economic life to permit of a self-centered view.

Agriculture itself is moving on towards a wider scope. It is being rapidly unified to embrace the farmer of the north and the south, the east and the west, regardless of the type of agriculture that he practices. In the emergency adjustment program, wheat, cotton, tobacco, corn and hog producers joined together in a program of agricultural adjustment. They are united in an effort to strike a balance between profitable production and consumption. To maintain that balance agriculture must contribute to all phases of business and industrial activity. Such a balance points to a pleasant future for agriculture. It means that production in the north will be carried on with due regard for what the farmers of the south are producing. It means an elimination of cut-throat competitive production within agriculture. It means eventually distributing agricultural production so that profitable operations can be carried on by all farmers. Beyond its own field agriculture broadens out and joins with business and industry in lifting the entire level of prosperity.

For such a development a new leadership must arise. Agricultural leadership has been effective in stepping up production. It has carried on within the industry to improve agriculture. But now the need is for a leadership that will grasp the importance of agriculture as a component part of a nation's activity, that can keep the interests of agriculture joined with the interests of business and industry, so that all will move forward towards a better realization of public welfare.

Such leadership must be honest, intelligent, and unselfishly devoted to public welfare, if the full fruit of democracy is to be attained. In an ever-changing world there must be experimentation to find the best adaptation to altered conditions. Such experiments means that society must be lifted out of ruts so that it can veer off to a new course. I know of no finer place for the development of such leadership than in such an institution as the School of Agriculture. Here is a background of courage that is willing to discard methods that have been tried and found wanting, and search for better means of benefiting society.

Selfish interests will continue to oppose experiments. Individualism has spared no pains in opposing the trial of new means of distributing society's benefits to a larger number. Industry has been picking its leaders carefully and dangled the promise of rich rewards before their eyes. The New Deal's "brain trust" has not gone unnoticed. Yet private industry long ago recruited its "brain trust". It scoured the institutions of learning in its search for highly trained men and placed unlimited resources for research at their command. But industry's brain trust functioned for the benefit of private industry. It used the mental development that society has sponsored for its own ends. It used it to keep private interests entrenched.

And when these selfish interests, despite the corps of intellectuals, were unable to accomplish their own ends, they turned to the Government for help. The New Deal has at its disposal a "brain trust" that is being assailed by private interests. It is being assailed because it has been outsmarting private industry. Under such leadership the battle of public interest against special privilege is being waged. And the New Deal's "brain trust" is making a good fight out of what heretofore was not much more than a languid encounter.

It is this fight for public interest that calls for agricultural champions. It calls for the spirit of the pioneer with his willingness to try new methods. It promises rich rewards in opportunities for real service.

